

United States Senate
WASHINGTON, DC 20510-3005

September 21, 2023

The Honorable Miguel Cardona
Secretary of Education
U.S. Department of Education
400 Maryland Ave, SW
Washington, D.C. 20202

Dear Secretary Cardona:

We write to express our severe concerns with servicing issues at the Missouri Higher Education Loan Authority (MOHELA), the sole student loan servicer for borrowers pursuing Public Service Loan Forgiveness (PSLF). These concerns are exacerbated by the fact that student loan repayments are set to commence again at the beginning of next month. We respectfully request the Department explain its plans to ensure that MOHELA adequately serves public service borrowers with the restart of the payments.

Over the last few months, we have heard numerous concerns from public service borrowers as they prepare for the start of repayments. Many borrowers report that they have not received credit for all of the qualifying payments they have made, have experienced long wait times when attempting to contact MOHELA representatives for any type of assistance, and some borrowers who have been approved for forgiveness report long wait times to actually get the refunds to which they are entitled. In some cases, we are hearing that this process can take up to a year. With the restart of repayments, these issues are likely to worsen for borrowers.

While the Department of Education (the Department) and MOHELA stated that borrowers who are enrolled in the PSLF program and have been approved for relief, but have not yet received their payment, are able to apply for forbearance, this process is not widely understood. Borrowers have reported that they often do not know how close their relief is to being processed, but also that it is extremely difficult to know how many of their payments have been counted by MOHELA. Though the Department has encouraged borrowers to reach out to MOHELA to get that information, the persistently long call wait times make it burdensome or impossible for borrowers to access that information. As the Department explores ways to ensure that borrowers are held harmless with the restart of repayments, it is vital that you not overlook these issues.

Borrowers who are eligible to have their debt cancelled under the PSLF program should not be forced back into repayment due solely to MOHELA's processing delays, which cause difficult financial situations for so many borrowers. The Administration assured public service workers across the country that the PSLF program would be fixed, yet MOHELA appears to be continuing a legacy of lost paperwork, long call wait times, and processing errors and delays.¹

¹ See Consumer Fin. Prot. Bureau (CFPB), Staying On Track While Giving Back (Jun. 2017), https://files.consumerfinance.gov/f/documents/201706_cfpb_PSLF-midyear-report.pdf.

Exhibit

While a borrower would be entitled to receive back pay after the relief is processed, many borrowers are unable to front such a large amount. Indeed, a recent survey from CNET found that 70% of borrowers expect to adjust their spending habits in order to afford essential purchases once payments resume this October.² Additionally, the Consumer Financial Protection Bureau (CFPB) found that roughly about one in five borrowers have risk factors that could suggest financial struggle when payments resume, and one in 13 are currently behind on other payment obligations.³ Due to the processing delays and long call wait times, borrowers lack the information to properly plan their personal finances in the lead up to the restart of repayments.

As you are aware, MOHELA services more than 8 million borrowers, many of whom have suffered negative economic and mental health consequences as a result of these longstanding servicing issues.⁴ Ultimately, poor servicing undermines the effectiveness of the historic actions that the Administration has undertaken to systemically reform the PSLF program through the Limited Waiver and one-time Income Driven Repayment (IDR) account adjustment, and threatens the overall promised benefit of the PSLF program.

Because of these issues, we ask that the Department provides a written response to the following questions:

1. What is the Department doing to ensure MOHELA expedites processing for PSLF borrowers who have been approved for relief but have not yet received payments? Will the Department make all possible attempts to ensure that this will be done before borrowers begin to receive monthly bills?
2. What is the Department doing to communicate to borrowers that they are entitled to apply for forbearance in the situation described in the previous question?
3. What tools does the Department have to hold MOHELA accountable for failing to comply with its federal contract in processing PSLF forms in a timely way, and will the Department commit to using such tools if it finds that MOHELA is failing to comply with its federal contract? What contract mechanisms exist to ensure MOHELA provides promised comprehensive servicing to our public service workers?
4. Can you provide current data on call wait times and abandoned call rates for borrowers who have contacted MOHELA? We would appreciate this data as soon as practicable.
5. What other efforts has the Department conducted to ensure that the transition back to repayment for PSLF borrowers is as seamless as possible?

We look forward to a response and plan before the start of repayments. We look forward to continuing our work together to provide necessary relief for student loan borrowers.

Sincerely,

² <https://www.cnet.com/personal-finance/loans/student-loans/survey-over-4-in-10-student-loan-borrowers-unsure-of-repayment-options/>

³ <https://www.consumerfinance.gov/about-us/blog/office-of-research-blog-update-on-student-loan-borrowers-as-payment-suspension-set-to-expire/>

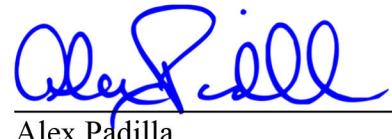
⁴ See Danielle Douglas-Gabriel, *Public Servants Complain about MOHELA's Management of Student Loan Forgiveness*, WASH. POST. (Dec.28, 2022) <https://www.washingtonpost.com/education/2022/12/28/mohela-pslf-applicant-complaints-payments/>.



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